

LOK SATTA



People Power

Presentation to APTRANSCO

By

CORE

9th February 2001

Objectives

FOR CONSUMERS

- * QUALITY POWER
- * FAIR TARIFF
- * CONSUMER FRIENDLY SERVICE

FOR APTRANSCO

- * RATIONAL, IMPLEMENTABLE REFORM
- * PERFORMANCE IMPROVEMENT

SYNOPSIS

- I) CURRENT ENVIRONMENT
- II) AVAILABLE OPTIONS
- III) RECOMMENDED MODEL

CURRENT ENVIRONMENT:

IRATE CUSTOMERS.

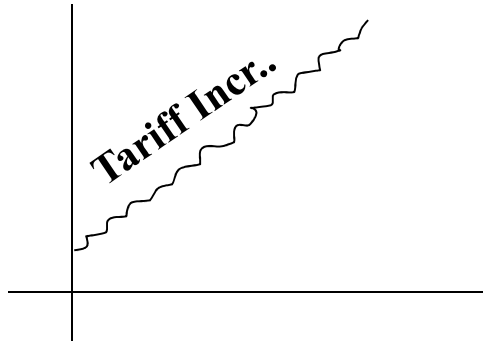


*The reputation of this office is getting from bad to worse.
That chap wants to know where to give the bribe!*

- * VOLTAGE FLUCTUATION LEADING TO DAMAGE OF COSTLY EQUIPMENT
- * DEFECTIVE BILLING; DELAYED RECTIFICATION
- * FAULTY METERS

LOSSES

- * Transmission and Distribution Losses -22%
- * Theft - 13%



Actually we have been saving a lot of it without effort for years! We hardly get any at our place.

- * Rampant corruption

METERING STATUS OF 3 Sub-Station Pilot Projects

	<u>33KV</u>	<u>11KV Feeder</u>		<u>DTRS</u>	
	<u>Input Meter</u>	<u>No.of Feeders</u>	<u>Meters Fitted</u>	<u>No. of DTRs.</u>	<u>Meters Fitted</u>
1) Gajwel	NIL	5	2	140	136
2) Bhongiri	NIL	5	5	162	68
3) Chanchalguda	YES	6	6	116	14

Consumer Survey Report

Gajwel Sub-Station:-

B.V Pur & Jaligaon Feeders

<u>Domestic Services</u>	<u>586 Nos.</u>
— Without Meters	208
— Meter Services in Operation	230
— Non Functional Meters	124
— Unauthorised	24
<u>Unmetered Services</u>	<u>412 Nos.</u>
— Working Pump Sets.	331 (Agl.)
— Not In Use	65 (Agl.)
— Other Miscellaneous Services	16

Status of Consumer Meters as per ERO records as on 30.12.2000

- Domestic Consumer Services in 12 Villages 6595
- Billed Based on Meter Readings (Accuracy?) 63%
- Billed at Flat Rate for new Services without meters 17%
- Non Functional (Status -2,3,9 etc.) 20%

Energy Audit & Balance

Transmission

- Metering of Input & Output Energies of all 400KV, 220KV, 132KV Sub-Stations for identifying causes of Transmission Losses & to assess them accurately.
- Yard Consumption Not Measured
- 2000-2001 4.5%
- 2001-2002 8.5%

Distribution

- Metering of Energy input of all 11KV feeders and LT side of all Distribution Transformers
- Reading of Meters of 11KV Feeders at the Sub-Station and the meters of Distribution Transformers fed by respective feeders should be taken simultaneously.
- Reading of meters of Distribution Transformers and the service meters fed from corresponding Transformer should be done on the same day.
- Bills should contain particulars of Feeder code & Distribution Transformers code Nos.
- Distribution Transformers energy output --Energy billed = LT line losses + unmetered Services +Theft.

Accountability for Energy Audit and Balance

Specific Officers / Staff Should be made Accountable for Energy Audit & Balance at the following levels

- Distribution Transformers
- 11KV Feeders
- 33 / 11KV Sub-Stations (Including 33kv lines)

Organisation Restructuring

- Meter reading
- Bill Preparation
- Bill delivery
- Collection
- Disconnection
- Reconnection

Commercial Wing

Under Single control

to be accountable horizontally to the local Unit head I/C of Operations and Commercial wing

&

to be vertically accountable to Central Accounts Office.

IS SITUATION BEING ADDRESSED ?

HARDLY

Distribution Cos' financial condition

Losing money despite tariff increase

Losses accentuated by accumulated dues

Limited funds to upgrade equipment

No effort to restructure or re-engineer

Operations already privatized - but no integration

- 1) Operation of Some 33/11KV Sub-stations
- 2) Repair and maintenance of some of the sub-station accessories.
- 3) Repair of Distribution Transformers.
- 4) Street light maintenance in Hyderabad
- 5) Fuse calls in Hyderabad
- 6) Meter reading
- 7) Billing preparation
- 8) Bill delivery in some places
- 9) Collection through banks in select areas

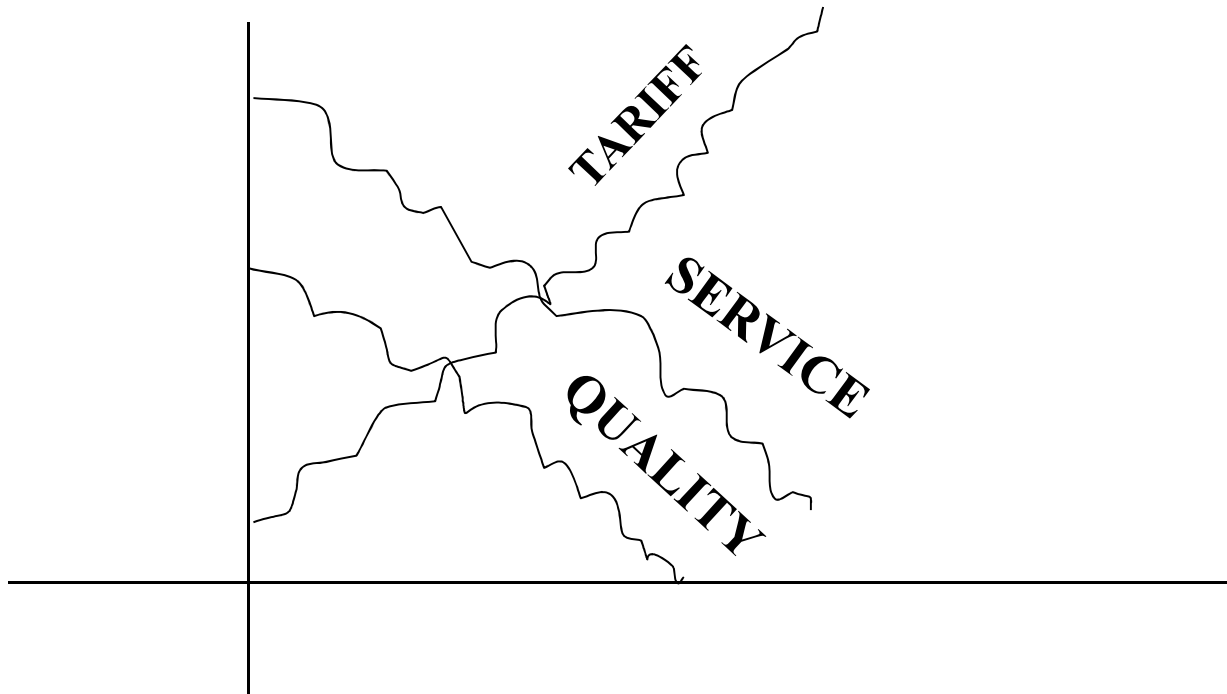
Objectives in Agriculture Sector

- 1) Not revenue increase but saving of Power
- 2) Metering as an incentive to save power
- 3) Pilot Projects eg: West-Godavari covering large areas - with special incentives if necessary (say meters tariff <35ps / unit)
- 4) Incentive of continuous supply for 8 hours during more acceptable hours for metered areas

STAFF BLUES:

- * DISORGANIZED ORGANISATION
- * LOW ACCOUNTABILITY, NO MOTIVATION, NO QUALITY STANDARD
- * HIGH CORRUPTION

RESULT



HIGHER TARIFF BUT LOWER QUALITY & POOR CUSTOMER SERVICE

It's a CATCH -22 Situation but (we feel)

‘Taint no use to sit & whine
Cause the fish ain't on your line
Bait your hook keep on trying
keep-on going’

Frank L.Stanton

II. OPTIONS FOR PRIVATISATION

A. STATUS QUO

B. PRIVATISE 4 GOVT COs

C. LOK SATTA MODEL

B. BIG IS NOT BEAUTIFUL IN POWER; WHY?

Each of 4 companies

- * Covers 5 to 7 districts
- * Consumers are small and far-flung
- * Could lead to logistic problems & poor customer service
- * No known success of this model
- * Drastic change required to alter mind-set of people, consumers, employees and politicians

“SMALL IS BEAUTIFUL”

C) LOK SATTA MODEL

ENTRUST DISTRIBUTION & RETAIL SUPPLY TO 150 PVT
ENTREPRENEURS, EACH LOOKING AFTER CONSUMERS UNDER ONE
132/33KV SUB-STATION

OR

11KV FEEDERS OPERATION & MAINTENANCE INCLUDING
CUSTOMER SERVICES TO BE ENTRUSTED TO FRANCHISEES

SUGGESTED MODALITIES

- * Invite tenders; Transparent
- * Lease capital assets to successful bidder for 5/7 years
- * Choose bidder based on highest lease rental
- * Continue to lease additional capital assets each year,
to upgrade the system and meet enhanced growth needs.

Tariff

- * APERC will decide end user tariffs - for all categories, common to all Lessees.
- * Lessee collects revenue from consumers accordingly
- * Lessor and Lessee will jointly decide rate each Lessee pays to Lessor depending on
 - Composition of Consumers
 - losses in his respective area

Plant and equipment upgradation

- Every 6 months discuss pre-requirements
- Lessor will procure and supply to lessee

Carrot & stick approach

- * Termination clause in Lease agreement for failure to perform
- * Rewards result if planned reduction in commercial and transmission losses achieved.
- * Additional profits made by a Lessee through better operation, maintenance, billing and collection shall be his major incentive.

Why Lok Satta model?

- * More hands-on approach
- * Breeds local entrepreneurs
- * Understand local milieu
- * Can control present ills like theft, corruption and unmetered wasteful agricultural consumption
- * Will provide better Employee motivation
- * Encourage competition

Less commercial & distribution losses
Offer better customer satisfaction

Importance of Lok Satta Model

Experience at 3 pilot projects
re-enforces our proposals

Experience at 3 pilot projects.

- We came across Gajwel street-lighting adhoc bill of Rs.800/- and arrears of Rs.1,00,000/-
- We came across three 11kv feeders, all three controlled by only one breaker.
- We came across a power distribution transformer on the road side mounted on a plinth of 2 feet height only. Live terminals were in the reach of children and animals.
- We came across a 400 volt overhead line crossing an 11 kv line. To keep a safe vertical separation between the two, a wooden stick was tied to the four wires and they were kept pulled down by tying two 10” stones to the stick.
- We came across a 11kv feeder, feeding across a wall a Printing Press. The difference in the meter readings at the feeder emanating from the sub-station and incoming at the Press was 50%.

Reasons for the above horrendous situation.

- Demotivated, some times corrupt staff.
- Untrained Contractors whose performance is NOT monitored.
- Sustained campaign to educate consumers on safety and efficient use of electricity.
- Groups that read meters, companies that do computerized billing, groups that serve (or do not serve) bills and the group that collects revenue and the group that has to take action in case of default are all independent without any unified through the chain accountability.
- Total disregard for safety at all levels.

Hence re-enforcement of our proposal

- The situation at the Distribution and supply level is so chaotic, so heart rending, so inefficient and so theftful that the only way to retrieve the situation in the shortest possible time is to give unified responsibility to a local entrepreneur with full powers and sufficient incentive.
- Hence our insistence on introducing at least 150 entrepreneurs as Lessees.
- One could think of 1,600 entrepreneurs also.
- They could be Franchisees or contractors or co-operatives.
- But they must have unified responsibility, full powers and sufficient incentive.

SUGGESTED MODALITIES

1. A high powered TASK FORCE should be set up, preferably under the aegis of APERC comprising of :-
 - a) APERC
 - b) Government of A.P.
 - c) Five Licensees.
 - d) CII/ FAPCCI
 - e) Engineers and Employees Associations.
 - f) Consumer Organizations.

. 2) **ASSIGNMENT.** The Task Force shall within one month recommend a restructured Organization for Distribution and Retail Supply as would reduce Losses by at least 7% in one year and improve metering, reading, billing, collection and customer service urgently.

Alternatives for Consideration.

- I**A) Consider Customers and area serviced by One 11kv Feeder.
- B) Consider Customers and area serviced by One 33/11kv Sub-Stn
- C) Consider Customers and area serviced by One 132/33kv Sub-stn

II. These areas could be offered to Private parties comprising of:-

- A) Individuals of proved Managerial Capabilities,
- B) Companies,
- C) Associations/Co-operatives of Engineers/Employees,
- D) Consumer Organizations.

III.One could consider offering them:-

- a) A Franchise,
- b) A Lease,
- c) A Licence.

IV.Their responsibilities could cover:-

a) Consumer Service including all commercial activities from meter reading to collection and disconnection etc.

B) Operation and Maintenance of the Plant under the Franchise and a) as stated above.

or C) Responsibility for capital plant enhancement and provision of new service connections in addition to a) and B) above.

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